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August 18, 2008

Sharonrose@cannistracilaw.com
mquazzo@mbvlaw.com

Re: Pet Imaging of San Jose v Health Imaging
Case No C08-00154 JF MED

Dear Sharonrose and Marco,

This confirms that I have received your mediation briefs and that we have scheduled the mediation session for this matter for 10:00 a.m. on Thursday August 28, 2008, at Suite 200, 1840 Gateway Drive in San Mateo. We have all agreed to keep the entire day available to allow the mediation to continue as long as it is productive.

Sharonrose has confirmed that Mr. Bijan Farhangui will be physically present for that session and Marco has confirmed that Mr. Craig Danzig will be physically present as well. Each of you has, of course, confirmed that you will also be present at the session.

As mentioned in our pre-mediation call, please help your clients prepare for the mediation by discussing the following with them:

1. Their respective underlying interests (as opposed to the positions they have "staked out" to date) and how these interests can be met;
2. The other side's interests and how your clients think these can be met in a settlement;
3. The best and worst alternatives they have to a negotiated settlement;
4. The strengths and weaknesses of their case; and
5. Your estimate of the legal budget necessary to litigate this case through trial for them.

Under ADR L.R.6-3(b), I am providing my preparation time and the first four hours of my time as a mediator without any charge. In addition, if the case has not settled by the end of that time and your clients both wish to proceed with the mediation, my time will be charged at the court-set rate of \$200 per hour for the next four hours and, thereafter, at \$375 per hour, until we reach a settlement or your clients decide to conclude the mediation.

You have each also confirmed that each of your clients have agreed to pay \$165 for its share of the costs for the use of the conference rooms in San Mateo.

Accompanying this letter is a copy of the USDC standard Confidentiality Agreement for your review. I will assume that this form is acceptable to both of you and your clients unless you advise me of any concerns by this Friday, August 22, 2008.

I look forward to working with you to try to achieve a mediated settlement of this case satisfactory to both parties. Please feel free to contact me before our session, including to inform me of any suggestions you may have which may facilitate a mediated resolution of this case.

Sincerely,

Mark F. Katz